

# A Study on Growth of Customer Relationship Management

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**ABSTRACT** - This paper is an attempt to study the growth of Customer Relationship Management. CRM is a combination of people, processes, and technology that pursues to understand a company's customer. It is a comprehensive approach for creating, maintaining, and expanding customer relationships. CRM was once simply a way to record transactions, but it is now much more complex and integrates all departments of a business to ensure the customer is satisfied. Major factors driving the CRM market size are, increasing emphasis on consumer experience, emerging SMEs, social media, and the awareness of real-time sharing of ideas. The purpose of CRM is to improve marketing productivity and enhance mutual values thus businesses or organizations should select a CRM which will enable them to connect, serve and engage with their customers in a more effective manner to enhance customer experience.

**Keywords:** Customer Relationship Management, CRM, CRM Market, Growth.

## I. INTRODUCTION

Customer relationship has been the key element of business. The concept of CRM has evolved to a large extent, a couple of decades before it was predominantly used by large enterprises and was also limited to the basic functionality, generally customer database only. However, now the scope of CRM has increased from a mere customer database to a 360 view of customer interactions from various channels including but not limited to telephony, chat, emails, customer portals, and mobile apps. A CRM system helps businesses to know who their contacts are and what they want better as all the information is stored in one place. However, the data sets must be connected, distributed, and organized properly so that the users can access the information they need quickly and easily. This helps businesses to create a focused list and select a target audience. The other key aspects of business impacted by the use of CRM are Customer retention, customer satisfaction, sales revenue, and cross-selling. A CRM technology can become ineffective if, not implemented correctly or there is no proper management.

## II. LITERATURE REVIEW

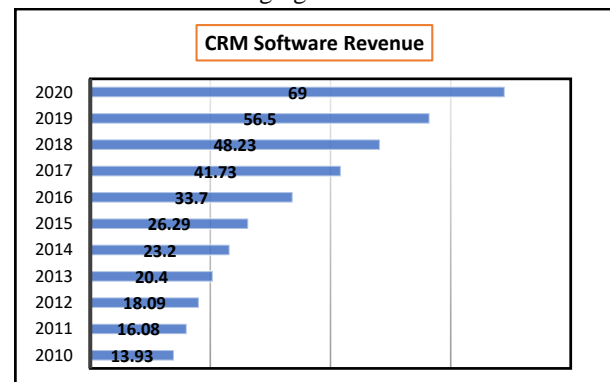
An extensive literature relating to the concept of CRM has been collected and reviewed to understand the growth of CRM in India. Limesh Parekh, CEO at Enjay IT Solutions in his article states that considering the huge and diverse market that India has arrangements intended for western countries cannot be deployed here. Hence, it is of great significance for the Indian market to have a streamlined on the basis of Indian management principles and practices. Global Data a leading data and analyst firm forecasts the overall spending on CRM in India to reach about the US \$2.3bn in 2023. As per the Grand View Research Report the global customer

relationship market was valued at USD 43.7 billion in 2020 and is expected to expand at a compound annual growth rate of 10.6% from 2021 to 2028

### STATEMENT OF PROBLEM

Customer relationship management had simple beginnings, which evolved into a sophisticated system that helps businesses improve the overall customer experience. CRM once was a simple of way recording transactions, but it is now much more complex and integrates all departments of a business to ensure the customer is satisfied. It is an integrated approach that helps organizations to engage new customers as well as improve their relationship with the existing customer. The use of CRM helps business to boost their customer retention and drive their sales. The global customer relationship management market is expected to register a CAGR of 14.9% during the forecast period 2020-2025.

1. How has the CRM market flourished in different sectors?
2. What are the emerging trends in CRM?



### OBJECTIVES OF THE STUDY

The objective of this study are as follows:

1. To understand the growth of CRM in different sectors.
2. To highlight the recent trends in Customer Relationship Management.

### III. RESEARCH METHODOLOGY

The research is designed on the basis of descriptive method to understand the growth of CRM. The paper does not include any primary data as no survey or response method has been used. The paper is based on secondary sources mainly the web resources. The information gathered from various authentic sources are analysed and reported in the study.

#### THE CRM MARKET

The CRM market has certainly outpaced. CRM started as a means for storing customer information but has now become an end-to-end solution that helps business engage their clients. With the presence of more than 4000 CRM systems globally it accounts for the largest share in the overall enterprise software market at 29%. The key factors which led to advancements in the CRM market globally are the surge in demand for automated engagement with customers, improving the scope of digital operations, integration of CRM system into various organizational departments such as sales, marketing, customer services to improve the customer experience and earn profits. The use of CRM system has helped businesses to increase sales, improve their customer relationships and productivity. It has also helped businesses in labour cost reduction. In 2010 the CRM software revenue was US \$13.93 which grew up to US \$69 in 2020; the driving force behind this growth was software as a service (SaaS).

Figure 1 : CRM REVENUE IN LAST 10 YEARS

In 2017 the CRM revenue amounted to \$39.5 billion overtaking the data management system which amounted to \$36.8 billion worldwide. The revenue from the CRM software is expected to reach over \$80 billion by 2025.

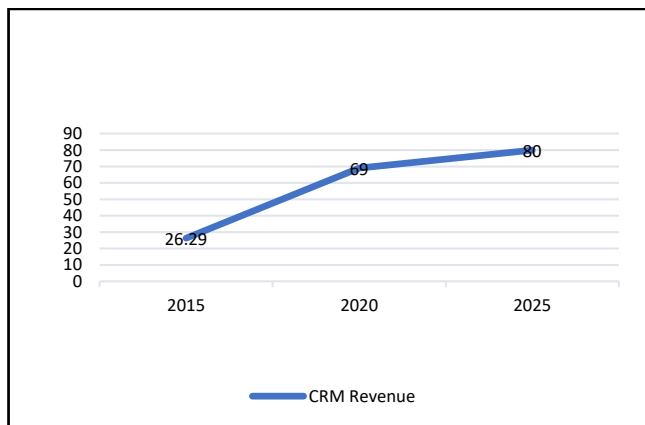


Figure 2: ESTIMATED GROWTH IN CRM

### CRM MARKET SEGMENTATION

The CRM market can be analyzed across five major regions, namely North America, Europe, Asia-Pacific, the Middle East& Africa, and Latin America. North America has the major share in the CRM market and is predicted to grow in the coming years as there is continuous digital transformations across various industries. The CRM market in North America was worth 17.33 billion in 2020 compared to 15.84 billion in 2019. Forecasts say that Europe will have a second place in the CRM market due to the increasing number of SMEs in countries like Italy, France, and Germany. The rise in retail industries and immense adoption of advanced technologies has led to the increase in demand for Customer Relationship Management systems in the Asia-Pacific region. On the basis of the enterprise size CRM market is segmented into large enterprises and small & medium-size enterprises. Large enterprises are expected to hold a prime share in the CRM market in 2020 the market share exceeded by 56%. These firms have a higher capacity for marketing and IT expenditures and, they need to handle a high volume of data. Small and medium-sized enterprises are expected to grow with the help of the rising number of government initiatives through digital campaigns such as video marketing, social media, and search engine marketing. On the basis of the end-use of CRM, the market is divided into the following industries like services, manufacturing, information technology, distribution, retail, healthcare, education, government, and many more.

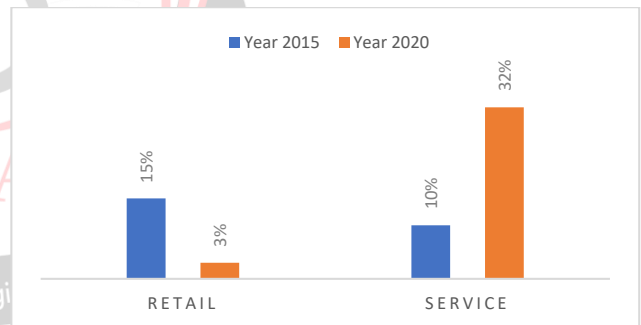


Figure 3: GROWTH IN RETAIL AND SERVICE INDUSTRIES

In 2015 retail industry at 15% was the leading industry in the CRM market, the share came down to 3% in a recent survey. The major reason for this decline was the rise in business from different industries. The share of the service industry tripled from 10% in 2015 to 32% in 2020. At present the services industry is the largest contributor in the CRM market followed by the IT and manufacturing industries at 13%.

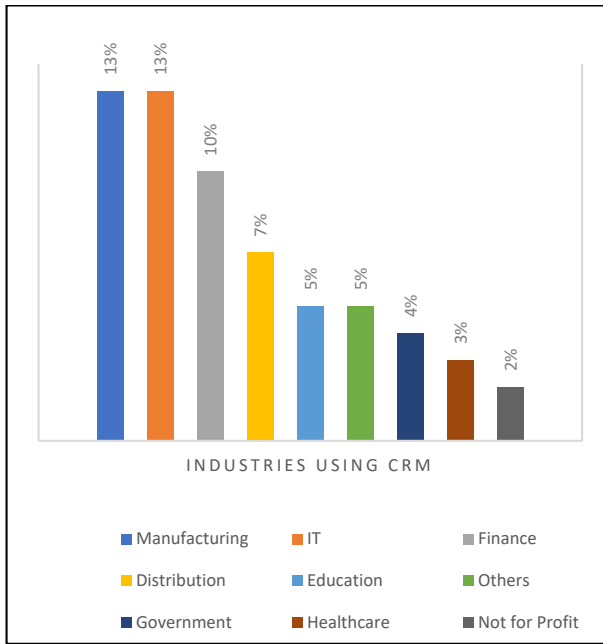


Figure 4: CRM MARKET BY END-USE

**KEY PLAYERS IN THE CRM MARKET**

There is an ample number of companies in the CRM market; HubSpot, Pipedrive, Zoho Corporation, Salesforce, Microsoft Corporation, Oracle and SAP to name a few. Salesforce is the leading company in the CRM market. It had a market share of 19.5% in 2020 followed by SAP which had a share of 4.8%. The CRM revenue for Salesforce grew by 18.8% reaching \$13.5 billion whereas Microsoft revenue grew by 17.5% in 2020. On the other hand, SAP and Oracle each saw a slight decrease in the CRM market share. In 2019 the market share of SAP and Oracle was at 5.7% and 4.7% which slightly came down to 5.2% and 4.4% respectively in 2020. The jointly held share in the CRM market by Salesforce, SAP, Oracle, Adobe, and Microsoft aroused to 35.6% from 35.2% in 2019.

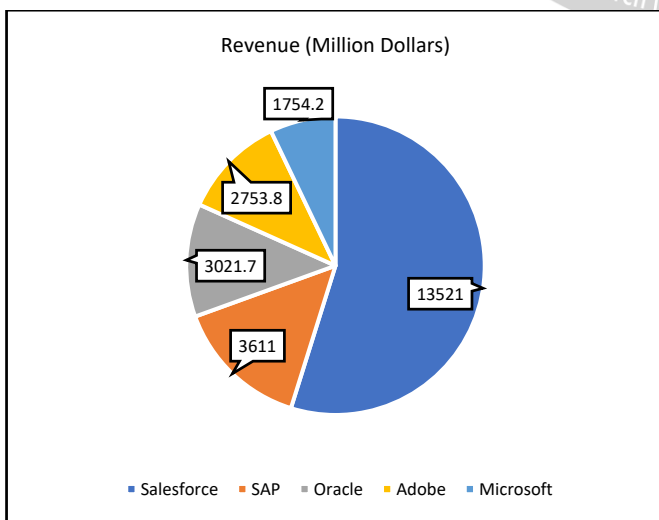


Figure 5: CRM vendors by revenue in 2020

Investments in Research and Development activities by these leading market participants have led to their organic growth

and increase in market share. The companies are also engaging in new product development to expand and strengthen their existing portfolio and acquire new buyers. They are also engaging in mergers and acquisitions and strategic partnerships to develop technologically advanced solutions and gain a competitive edge over their rivals.

**EMERGING TRENDS IN CRM**

The demand for CRM software relies on the growing implementation of advanced technologies such as Artificial Intelligence, the internet of things, and big data. The integration of big data will allow the CRM platform to provide a continuous flow of data. Artificial intelligence in CRM will help them perform advanced analytics and boost productivity by automating time-consuming manual tasks. The AI-powered chatbots will also be able to predict customer needs and make recommendations to the service agents. An IoT-connected CRM software helps companies detect product performance issues proactively and identify potential problems with customer satisfaction. On the customer end, IoT helps in conveying information related to product issues and maintenance to the concerned companies.

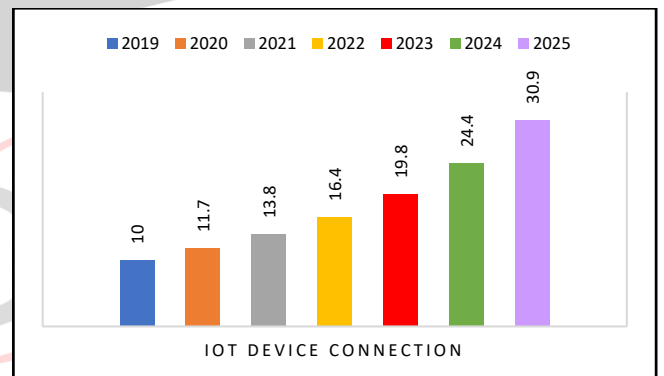


Figure 6: Active IoT Devices from 2019-2025(Estimated)

Companies use a multi-channel approach or an omnichannel for maximum customer engagement. The emerging trend in CRM show a growing movement towards a single-channel approach which means the communication channels may be unified as this will help the companies to streamline their internal operations. It is predicted that some companies may have a channel-less CRM strategy. The other frontier which the CRM platforms will explore is Voice Technology. The use of voice technology in AI and machine learning CRM platforms provide their customers not only with data but also insights and analytics. Mobile and Social CRM will gain momentum as the CRM platforms will offer integration with social networks. The advancements in mobile technology and customers` increasing need for constant connectivity indicate a push for CRM platforms to provide more mobile functionalities. A good customer experience is a crucial aspect of CRM strategies as it continues to shape the future

of CRM. A user-friendly CRM platform enables companies to provide personalized customer service.

#### IV. CONCLUSION

Customer Relationship Management (CRM) is software that manages and monitors business operations to improve customer experience. It has now become a must-have for enterprises of all sizes as has the ERP system became for managing supply chain activities. With the implementation of the CRM software, the companies can reach out to their customers and provide tailored customer services as per the requirement. Customer Relationship Management has become the operational core of a much larger market around customer engagement. The CRM software market is the biggest software market in the world. There has been a growth in the CRM market due to rapid digital transformation. Rapid digital shifts significantly rely on CRM and other integrated technologies that offer enhanced customer satisfaction. However, the increasing security threats over CRM stored data may hamper the growth of CRM.

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